

E. LEON JACOBS, JR.,
CHAIRMAN

STATE OF FLORIDA

CAPITAL CIRCLE OFFICE CENTER
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
(850) 413-6046

Public Service Commission

October 3, 2001

VIA ELECTRONIC FILING

Magalie R. Salas, Secretary
Federal Communications Commission
Portals II, TW-A325
445 Twelfth Street, SW
Washington, D.C. 20554

Re: CC Docket No. 96-45, Federal-State Joint Board on Universal Service -
Comments on Federal Communications Commission Notice Regarding
Updating Line Counts for High-Cost Universal Service Support

Dear Ms. Salas:

Forwarded herewith are Comments of the Florida Public Service Commission in response to the Federal Communications Commission Notice Regarding Updating Line Counts for High-Cost Universal Service Support.

Sincerely,

/ s /

Cynthia B. Miller, Esquire
Bureau of Intergovernmental Liaison

CBM:tf

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matters of)

Federal-State Joint Board on)
Universal Service)

Updating Line Count Data)
_____)

CC Docket No. 96-45

**FLORIDA PUBLIC SERVICE COMMISSION COMMENTS
ON FEDERAL COMMUNICATIONS COMMISSION NOTICE
REGARDING UPDATING LINE COUNTS FOR HIGH-COST
UNIVERSAL SERVICE SUPPORT**

On September 11, 2001, the Federal Communications Commission's (FCC's) Common Carrier Bureau issued a Public Notice seeking comment on updating line count data and other limited information for calculating high-cost universal service support for non-rural carriers for the year 2002. Our comments concern whether the FCC should update certain inputs to the model, such as those for general support facilities, switching costs, and line counts. We also comment on how those lines should be allocated by class of service. In general, the Florida Public Service Commission (FPSC) believes that all of the inputs discussed in the public notice should be updated to reflect the most current data available. Using such data would capture changes in the economies of scale within the network, and thus more accurately reflect companies' costs.

I. Background

There are two stages that use access line counts to compute high-cost universal service support. In the first stage, the forward-looking model uses the line count data to calculate basic local service costs at both the wire center and at a nationwide level. Presently, this calculation is completed once a year. Any wire center that has costs over 135% of the nationwide average is

eligible for support. In the second stage, the per-line support figure from stage one is multiplied by the number of eligible lines provided by the eligible carrier. This calculation is performed on a quarterly basis with updated line count data. A disconnect between these two stages can occur when:

- 1) the forward-looking model uses older line count data to compute average per-line support levels for eligible carriers, and¹
- 2) the average support levels are applied to more recent line counts reported quarterly to the Universal Service Administration Company (USAC).

II. Updating Line Counts

If access lines continue to grow, continued use of older line count data to compute annual per-line costs, while using quarterly line counts to compute support and distribution, will likely result in an ever-increasing fund size. The FPSC believes that such a result would be contrary to the intent of the Telecommunications Act of 1996 (the Act). Section 254(b)(5) of the Act states that specific, predictable, and sufficient Federal and State mechanisms should be in place to preserve and advance universal service. By enacting a methodology that does not update line counts on a timely basis, the FCC will create a mechanism that is excessively costly. To that end, the FPSC strongly recommends that if the FCC adjusts support amounts each quarter, the new quarterly line count data should also be used to recalculate costs.

The FPSC acknowledges those arguments that the line count data should not be updated unless the corresponding updates to customer location data are also conducted. While the FPSC

¹ In the Line Counts Update Order, the Bureau updated line counts by using year-end 1999 line counts filed July 31, 2000, as input values for estimating average forward-looking costs for the year 2001.

agrees that it would be desirable to refresh the record regarding all of the inputs in the model, the FCC should move forward and update at least all of the inputs suggested in the notice. While more recent line count data may result in the model allocating additional lines to existing households, the FPSC contends that this assumption would reflect a greater degree of accuracy than the current method of calculating costs and support amounts. In instances where new lines are added at existing locations, the model takes into account many of the additional costs involved, such as larger cable sizes and increased capacity of digital loop carriers.

III. Updating General Support Facilities & Switching Costs

The FCC's notice also requested comments on updating inputs relating to general support facilities (GSF). GSF includes such items as buildings, motor vehicles, and general support computers. Only a portion of GSF is added to the model's estimate of outside plant, switching, and transport investment. Updating the general support facilities data is necessary to adequately reflect the cost of providing the supported services. Given the availability of the updated information from the ARMIS reports, the FPSC believes that updating this data would be necessary to meet the requirements of Section 254(b)(5).

As stated in the notice, the model currently uses traffic parameters obtained from ARMIS and the National Exchange Carrier Association (NECA). This data is used to determine the percentage of the switch allocated to supported services and the switch port requirement for interoffice transport. While the NECA data is updated quarterly, the ARMIS data represents information from 1997 and 1998.

While it is unclear from this notice how the FCC incorporates both data sets, the FPSC generally agrees that the use of more recent and accurate data is important to the appropriate use of any model. To the extent that the ARMIS data represents duplicative data that does not add value or verification to the data captured by NECA, the FPSC does not oppose discontinuing use of the ARMIS data for this purpose.

IV. Class of Service

The FCC seeks comment on how these updated line counts should be allocated to the classes of service used in the FCC's synthesis model. The synthesis model uses service classification (i.e., business line, residential line, special access line (non-switched), payphone line, or single business line), in establishing average per-line costs. However, the new wire center line count data that was filed does not include class of service information on a wire center basis.

In the FCC's Line Counts Update Order,² the FCC concluded that it should allocate its line count data to the classes of service used in the model based on the historical proportions of line count data previously filed and publicly available. The FPSC contends that this approach represents a reasonable approach for estimating the appropriate service classification for the new line count data.

V. Conclusion

In conclusion, the FPSC supports the use of more current line count, GSF, and switching cost data for calculating high-cost universal service support for non-rural carriers for the 2002 support year. If this information is not updated on a timely basis, the Universal Service Support mechanism will be excessively costly. With regard to class of service delineation of the line count data, the FPSC believes that it would be reasonable to use the information contained in previously filed data (which does allocate lines among the class of service), and to use the historical ratios.

Respectfully submitted,

/ s /

Cynthia B. Miller, Esquire
Bureau of Intergovernmental Liaison

² FCC Order, Docket No. 96-45, DA 00-2729; Adopted: December 7, 2000; Released: December 8, 2000.

Florida Public Service Commission
CC Docket No. 96-45

DATED: October 3, 2001

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing comments of the Florida Public Service Commission will be sent this date to the parties on the attached service list.

/ s /

Cynthia B. Miller, Esquire
Bureau of Intergovernmental Liaison

DATED: October 3, 2001

SERVICE LIST

The Honorable Michael Powell
Chairman
Federal Communications Commission
445 Twelfth Street, SW
Washington, D.C. 20554

The Honorable Kathleen Q. Abernathy
Commissioner
Federal Communications Commission
445 Twelfth Street, SW
Washington, D.C. 20554

The Honorable Kevin J. Martin
Commissioner
Federal Communications Commission
445 Twelfth Street, SW
Washington, D.C. 20554

The Honorable Nanette G. Thompson, Chair
Regulatory Commission of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, AK 99501

Arkansas Public Service Commission
P. O. Box 400
Little Rock, AR 72203-0400

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

David A. Beckett
Colorado Public Utilities Commission
1580 Logan Street, Office Level 2
Denver, CO 80203

Earl Poucher, Legislative Analyst
Office of Public Counsel
111 West Madison Street, Room 812
Tallahassee, Florida 32399-1400

The Honorable Gloria Tristani
Commissioner
Federal Communications Commission
445 Twelfth Street, SW
Washington, D.C. 20554

The Honorable Michael J. Copps
Commissioner
Federal Communications Commission
445 Twelfth Street, SW
Washington, D.C. 20554

Mary E. Newmeyer
Federal/Congressional Affairs
Alabama Public Service Commission
P. O. Box 991
Montgomery, AL 36101

Lori Kenyon, Common Carrier Specialist
Regulatory Commission of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, AK 99501-1693

Virginia J. Taylor, Richard A. Elbrecht
California Department of Consumer Affairs
400 R Street, Suite 3090
Sacramento, CA 95814-6200

Deborah S. Waldbaum
Colorado Office of Consumer Counsel
1580 Logan Street, Suite 610
Denver, Colorado 80203

Lawrence D. Crocker, III
District of Columbia Public Service Commission
1333 H Street NW, 2nd Floor
Washington, DC 20005

B.B. Knowles, Director
Utilities Division
Georgia Public Service Commission
244 Washington Street, SW
Atlanta, GA 30334-5701

The Honorable Robert B. Baker, Commissioner
Georgia Public Service Commission
244 Washington Street, S.W.
Atlanta, Georgia 30334-5701

Eileen Benner
Idaho Public Utilities Commission
P. O. Box 83720

Boise, ID 83720-0074 Donald L. Howell, II
General Counsel
Idaho Public Utilities Commission
P. O. Box 83720
Boise, ID 83720-0074

Sarah A. Naumer
Federal/Congressional Affairs
Illinois Commerce Commission
160 N. LaSalle Street, Suite C-800
Chicago, Illinois 60601

Indiana Utility Regulatory Commission
Suite E-306
302 W. Washington Street
Indianapolis, IN 46204

Anne Becker
Office of Utility Consumer Counsel
100 North Senate Avenue
Indianapolis, Indiana 46204-2215

Indiana Office of the Consumer Counsel
100 North Senate Avenue
Indianapolis, Indiana 46204-2215

William H. Smith, Jr., Chief
Federal and Legislative Programs Coordinator
Iowa Utilities Board
350 Maple Street
Des Moines, IA 50319

James Maret
Office of Consumer Advocate
350 Maple Street
Des Moines, Iowa 50319

Amy E. Dougherty
Kentucky Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

General Counsel
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, Kansas 66604-4027

Lawrence C. St. Branc
Louisiana Public Service Commission
P. O. Box 91154
Baton Rouge, LA 70821-9154

Gayle T. Kellner
Louisiana Public Service Commission
P. O. Box 91154
Baton Rouge, LA 70821-9154

Joel B. Shifman, Esq.
Maine Public Utilities Commission
242 State Street
State House, Station 18
Augusta, Maine 04333-0018

Ann Dean
Maryland Public Service Commission
16th Floor, 6 Saint Paul Street
Baltimore, Maryland 21202-6806

Susan Stevens Miller, Assistant General Counsel
Maryland Public Service Commission
16th Floor, 6 St. Paul Street
Baltimore, MD 21202-6806

Mike Travieso
Office of People's Counsel
6th St. Paul Street, Suite 2102
Baltimore, Maryland 21202

John G. Strand, Chairman
Michigan Public Service Commission
6545 Mercantile Way
Lansing, Michigan 48911

Richard J. Johnson, Brian T. Grogan
Minnesota Independent Coalition
Moss & Barnett, 4800 Northwest Center
90 South Seventh Street
Minneapolis, MN 55402-4129

St. Paul, Minnesota 55101-2130 Barbara
Meisenheimer, Martha S. Hogerty
Missouri Office of Public Counsel
Truman Bldg, 301 West High St, Ste 250
Jefferson City, MO 65101

The Honorable Bob Rowe
Montana Public Service Commission
1701 Prospect Avenue
P.O. Box 202601
Helena, MT 59620-2601

Deonne Bruning
Nebraska Public Service Commission
300 The Atrium
1200 N Street
Lincoln, Nebraska 68508

Maureen O. Helmer, Chairman
New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Carl Johnson, Telecom Policy Analyst
New York Public Service Commission
3 Empire State Plaza
Albany, NY 12223-1350

Illona A. Jeffcoat-Sacco, Director
Public Utilities Division
State of North Dakota
600 E. Boulevard, Dept 408
Bismarck, North Dakota 58505-0480

Richard W. Pace, Karen J. Hardie
Ohio Consumers Counsel
77 South High Street, 15th Floor
Columbus, Ohio 43266-0550

Honorable Joan H. Smith
Oregon Public Utility Commission
550 Capitol Street, NE, Suite 215

Eric Swanson
Office of Attorney General
445 Minnesota Street
Suite 1200 WCL Tower

Eric B. Witte, Assistant General Counsel
Missouri Public Service Commission
P. O. Box 360
Jefferson City, Missouri 65102

Karen Finstad Hammel, Staff Attorney
Montana Public Service Commission
1701 Prospect Avenue
P. O. Box 202601
Helena, MT 59601-2601

Charles Bolle, Policy Adviser
Nevada Public Utilities Commission
1150 E. William Street
Carson City, NV 89701-3109

Thomas J. Dunleavy, Commissioner
New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Terry Monroe
New York Public Service Commission
Three Empire Plaza
Albany, NY 12223

Robert S. Tongren, Andrea M. Kelsey,
David C. Bergman,
Ohio Consumers Counsel
77 South High Street, 15th Floor
Columbus, Ohio 43266-0550

General Counsel
Oklahoma Corporation Commission
P. O. Box 52000
Oklahoma City, OK 73152-2000

Barbara Combs
Oregon Public Utility Commission
550 Capitol Street, NE, Suite 215

Salem, OR 97301-2551

Salem, Oregon 97301-2551

Philip F. McClelland
Pennsylvania Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Harrisburg, PA 17105-3265 David F. Johnson,
Scott Sawyer
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, R.I. 02888

South Dakota Public Utilities Commission
500 E. Capital Street
Pierre, SD 57501-5070

Honorable James A. Burg, Chairman
South Dakota Public Utilities Commission
The Capitol, 500 East Capitol
Pierre, SD 57501

Christopher Klein
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Suzi Ray McClellan
Texas Office of Public Utility Counsel
Post Office Box 13326
Austin, TX 78701-3326

Laurie Pappas
Office of Public Utility Counsel
Post Office Box 12397
Austin, Texas 78711-2397

William Irby, Director
Division of Communications
Virginia State Corporation Commission
1300 East Main Street - 9th Floor
Richmond, VA 23218

Honorable Marilyn Showalter, Chair
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive, SW
Olympia, Washington 98504

Maureen A. Scott
Assistant Counsel
Pennsylvania Public Utility Commission
P. O. Box 3265

R. Glenn Rhyne, Manager, Research Department
South Carolina Public Service Commission
P. O. Drawer 11649
Columbia, S.C. 29211

William J. Janklow, Governor
State of South Dakota
Executive Office - State Capitol
500 East Capitol
Pierre, South Dakota 57501-5070

Honorable Pam Nelson, Commissioner
South Dakota Public Utilities Commission
The Capitol, 500 East Capitol
Pierre, SD 57501

Texas Public Utility Commission
Post Office Box 13326
Austin, TX 78701-3326

Vicki Oswalt, Office of Policy Development
Public Utility Commission of Texas
Post Office Box 13326
Austin, TX 78701-3326

Peter Bluhm, Director of Policy Research
Vermont Public Service Board
112 State Street, 4th Floor,
Montpelier, VT 05620-2701

Tom Wilson, Economist
Washington Utilities & Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, Washington 98504

Honorable Richard Hemstad
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive, SW
Olympia, Washington 98504

Honorable Patrick J. Oshie
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive, SW
Olympia, Washington 98504

Cheyenne, Wyoming 82002
Honorable Steve Furtney, Deputy Chairman
Wyoming Public Service Commission
2515 Warren Avenue, Suite 300
Cheyenne, Wyoming 82002

National Association of State
Utility Consumer Advocates
c/o Pennsylvania Office of Consumer Advocate
Attn: Philip F. McClelland
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923

Honorable Albert Vann
National Black Caucus of State Legislators
Telecommunications & Energy Committee
New York State Assembly
Legislative Office Building #422
Albany, New York 12248

Terry D. Blackwood
Billy Jack Gregg
West Virginia Consumer Advocate
700 Union Building
Charleston, West Virginia 25301

Lisa M. Zaina
Ken Johnson
OPASTCO
21 Dupont Circle, NW, Suite 700
Washington, D.C. 20036

John Rother, Esquire
American Association of Retired Persons
601 E Street, NW
Washington, DC 20049

Ronald J. Binz, Debra R. Berlyn
John Windhausen, Jr.
Competition Policy Institute
1156 15th Street, NW, Suite 310
Washington, DC 20005

Honorable Steve Ellenbecker, Chairman
Wyoming Public Service Commission
2515 Warren Avenue, Suite 300

Kristin H. Lee, Commissioner
Wyoming Public Service Commission
2515 Warren Avenue, Suite 300
Cheyenne, Wyoming 82002

Michael A. McRae
D.C. Office of the People's Counsel
1133 15th Street, NW, Suite 500
Washington, D.C. 20005

Mark Savage, Stefan Rosenzweig,
Carmela Castellano
Public Advocates, Inc.
1535 Mission Street
San Francisco, CA 94103

Elizabeth A. Noel
Sandra Mattavous-Frye
DC Office of the People's Counsel
1133 Fifteenth Street, NW, Suite 500
Washington, D.C. 20005-2710

Kevin J. Donnellan, Legislation and Public Policy
Bradley C. Stillman, Telecommunications Policy
American Association of Retired Persons
601 E Street, NW
Washington, D.C. 20049

Nancy C. Garrison
Catherine O'Sullivan
U.S. Department of Justice
950 Pennsylvania Avenue, NW, Room 3224
Washington, DC 20530-001

David L. Deming
Senecom Voice Processing Systems
6 Blossomwood Court
St. Louis, Missouri 63033-5202

Regina McNeil, Richard A. Askoff
National Exchange Carrier Association
80 South Jefferson Road
Whippany, NJ 07981

National Telephone Cooperative Association
4121 Wilson Boulevard, Tenth Floor
Arlington, Virginia 22203-1801